



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
1-800-368-8808 or 304-558-8986

# Press Release

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## FOR IMMEDIATE RELEASE

**February 18, 2010**

**Contact:** Normal Googel

**Phone:** (800) 368-8808

### **Attorney General McGraw Continues Efforts to Stop Unfair Debt Collection; Settlement Yields \$404,000 for WV Consumers**

Attorney General Darrell McGraw has reached settlements with three companies that used very different approaches to collect debts that were often disputed, sometimes non-existent, and in the case of one company, so old that the time to sue had expired.

The three companies - Allied Interstate of Minneapolis, Minn; Jefferson Capital Systems of St. Cloud, Minn; and Wilhelm, West, Kacey & Associates (WWKA), of Canton, Ga. - promised to conform their practices with state and federal debt collection laws in the future. Collectively, they agreed to make restitution, cash refunds, and to cancel debts totaling \$404,091.48 for 446 West Virginia consumers.

"Consumers should be skeptical whenever a collection agency threatens legal action," Attorney General McGraw said after the settlements were announced. "Many companies who purchase debts that have been defaulted on cannot verify that the debt is actually owed. In the case of WWKA, the debts were so old that the time to file suit to collect them had expired."

McGraw's office began an investigation of Allied, a company that collects debts for others but does not purchase debts, after receiving an unusual number of "wrong person" complaints, such as the one from Betty L. Custer, age 84, of Martinsburg. Custer reported that she had received numerous telephone calls from Allied, each time trying to collect a debt owed by a person unknown to her. The repeated calls made her nervous, so Custer asked her son to contact Allied to request an end to the calls. Even though Allied promised her son that the phone number would be removed from the system, the harassing calls continued. Custer's frustration grew when Allied began calling her daughter seeking to collect a debt from the same unknown person.

Allied, a global collection agency with offices worldwide, including 15 in the United States, paid \$50,000 that will be used for consumer protection and educational purposes, including restitution to 66 West Virginia consumers who were aggrieved by Allied's practices.

Allied officials said it has already taken steps to curtail the repeat "wrong person" calls and that the company has invested millions of dollars to develop "rules-based collection technology," intended to largely eliminate human error from its collections practices. Attorney General McGraw acknowledged, "Allied's new technology may serve to reduce and, in some cases eliminate, many of the concerns my office has observed in the industry."

McGraw's office opened its investigation of Jefferson Capital Systems after receiving complaints that the company was collecting debts allegedly owed on Internet payday loans, which are illegal in West Virginia. Further investigation also disclosed that Jefferson conducted a "Fresh Start Solution Program," in which it attempted to collect debts by offering consumers with bad credit the incentive of obtaining a new credit card. Under this program, the old debt would be transferred to

a new credit card account after a certain amount of payments were made.

In the agreement, Jefferson agreed not to offer its Fresh Start Solution Program or any similar programs in West Virginia unless it registers with the state as a credit services organization. Jefferson also refunded \$97,940.25 and cancelled debts totaling \$77,691.50 to 260 West Virginia consumers.

In its agreement with McGraw's office, WWKA, a debt purchaser, cancelled debts totaling \$178,559.73 allegedly owed by 120 West Virginia consumers and promised to discontinue collecting debts in West Virginia in the future unless it becomes licensed. WWKA also promised not to threaten lawsuits to collect debts that are past the statute of limitations.

Attorney General McGraw added, "Although modern computer technology makes it possible for companies to acquire much information about consumers, often the information is inaccurate. Even if a debt is owed, the law prohibits collection agencies from making repeated harassing telephone calls and from engaging in other abusive or deceptive practices. Notwithstanding my concerns about the past practices of these companies, I commend them for cooperating with our investigation and for taking the necessary steps to ensure compliance with our laws in the future."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at [www.wvago.gov](http://www.wvago.gov).

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